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CONFIDENTIAL in accordance with the letter of 16 October 1973 from the [redacted] of Central Intelligence to the [redacted] of the United States.

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- 25X1 1. The Central Office of the Soviet AG's in Berlin - Weissensee is
25X1 under the exclusive control of the People's Commissariat for
Foreign Trade of the USSR. There are no direct connections with
Russian special ministries.
2. Neither the Weissensee office nor the individual SAG enterprises
are under SMA Karlshorst. The latter has no influence on the
management of the SAG's. The SMA must submit any requests concern-
ing the SAG's to the PCFT. The latter decides to what extent SAG
production may be delivered to German firms.
3. The SAG's are entered in the SMA's general production plans on
the basis of statistics furnished by the Weissensee office. The
SMA itself cannot issue any orders concerning type or extent of
production in the SAG's.
4. The SAG's do not appear to be incorporated directly in Russian
economic planning. However, if certain goods are in short supply
in the USSR, an effort is made to fill the gap by orders from the
SAG's or reparations orders from other German factories.
- 25X1 5. An official [redacted] of the Planning Section of the Weissensee office
[redacted] stated [redacted] that there are no direct
25X1 connections between the SAG's and any office in the USSR. [redacted]
[redacted] the Weissensee office receives all its instruc-
25X1 tions from the SMA (Economic Planning Division, Industry Division,
and Reparations Division).

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6. Directives issued by the Weissensee office [redacted] indicate that all SAG supply transactions are handled within the framework of SMA regulations.

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[redacted] Comment: The evidence of Paragraphs 5 and 6 [redacted] indicates that the SMA does have a large share in the functioning of the SAG's. Nevertheless, Paragraphs 1 - 4 [redacted] cannot be disregarded. A possible explanation is that all SAG policy is laid down by the PCFT in Moscow and that SMA authority via the SAG's is merely administrative.

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